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PUBLIC LAW 104-191—AUG. 21,
1996

26 USC 62
note.

26 USC
220 note.

26 USC 220
note.

"(A) a trust described in section 401(a) which forms
a part of a plan, or a plan described in
section 403(a).
which trust or plan is exempt from tax under
section 501(a).
"(B) an individual retirement account
described in sec-
tion 408(a),
"(C) an individual retirement
annuity described in sec-
tion 408(b).
"(D) a medical savings account
described in section
220(d) or
"(E) a trust, plan, account, or annuity
which, at any
time, has been determined by the Secretary
to be described
in any preceding subparagraph of this
paragraph." (a) FAILURE TO PROVIDE REPORTS ON
MEDICAL SAVINGS
ACCOUNTS.

(1) and in the manner required by such provision. such person shall pay a penalty of \$50 for each failure unless it is shown that such failure is due to reasonable cause.

Subsection (a) of section 6693 (relating to failure to provide reports on individual retirement accounts or annuities) is amended to read as follows:

(a) REPORTS. — "(1) and in the manner required by such provision. such person shall pay a penalty of \$50 for each failure unless it is shown that such failure is due to reasonable cause.

"(2) PROVISIONS. — The provisions referred to in this paragraph are—

"(A) subsections (i) and (1) of section 408 (relating to individual retirement plans) and

"(B) section 220(h) (relating to medical savings accounts)."

(h) EXCEPTION FROM CAPITALIZATION OF POLICY ACQUISITION EXPENSES. — Subparagraph (B) of section 848(e)(1) (defining specified insurance contract) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ". and" and by adding at the end the following new clause:

"(iv) any contract which is a medical savings account (as defined in section 220(d))."

(i) CLERICAL AMENDMENT. — The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following:

"Sec. 220. Medical savings accounts.
"Sec. 221. Cross reference."

(j) EFFECTIVE DATE. — The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

(k) MONITORING OF PARTICIPATION IN MEDICAL SAVINGS ACCOUNTS. — The Secretary of the Treasury or his delegate shall—

(1) during 1997, 1998, 1999, and 2000, regularly evaluate the number of individuals who are maintaining medical savings accounts and the reduction in revenues to the United States by reason of such accounts, and

(2) provide such reports of such evaluations to Congress as such Secretary determines appropriate.

(1) STUDY OF EFFECTS OF MEDICAL SAVINGS ACCOUNTS ON SMALL GROUP MARKET. — The Comptroller General of the United States shall enter into a contract with an organization with expertise in health economics, health insurance markets, and actuarial